## Message Text

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**ORIGIN EUR-12** 

INFO OCT-01 ISO-00 SS-15 NSC-05 NSCE-00 SSO-00 CCO-00 /033 R

DRAFTED BY EUR/CAN:JHROUSE,JR.:CLJ APPROVED BY D- ROBERT S. INGERSOLL EUR-LBLAINGEN S- PEBARBIAN S/S- FVORTIZ

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CONFIDENTIAL STATE 296829 TOSEC 240289

E.O. 11652: GDS

TAGS:

SUBJECT: BRIEFING MEMORANDUM--YOUR MEETING WITH FOREIGN MINISTER MACEACHEN, WEDNESDAY, DECEMBER 17.

FOR THE SECRETARY FROM EUR, L. BRUCE LAINGEN, ACTING THROUGH HARTMAN

1. SETTING.

AT YOUR MEETING WITH SECRETARY MACEACHEN YOU MAY WISH TO CLARIFY AND PUT INTO PERSPECTIVE REMARKS MADE BY AMBASSADOR PORTER IN OTTAWA WHICH HAVE BEEN THE SUBJECT OF WIDESPREAD AND ERRONEOUS PRESS COVERAGE AND COMMENT BY PRIME MINISTER TRUDEAU DURING A PARLIAMENTARY QUESTION PERIOD.

2. BACKGROUND/ANALYSIS.

AT A FAREWELL RECEPTION FOR CANADIAN JOURNALISTS ON DECEMBER 13 AMBASSADOR PORTER MADE A POINT OF EXPRESSING CONFIDENTIAL

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HIS CONCERN AT THE GROWING REACTION IN THE UNITED STATES

IN BUSINESS CIRCLES, CONGRESS, AND THE PRESS AND PUBLIC TO RECENT ACTIONS IN CANADA ADVERSELY AFFECTING ESTABLISHED U.S. ECONOMIC INTERESTS. HE NOTED THAT UNCHECKED THIS INCREASING CLIMATE OF UNEASE AND RESENTMENT COULD HAVE AN ADVERSE IMPACT ON RELATIONS BETWEEN THE TWO COUNTRIES. THE AMBASSADOR HAD ASKED AND RECEIVED DEPARTMENT APPROVAL TO MAKE THESE POINTS.

THE PRESS IN CANADA AND SUBSEOUENTLY ELSEWHERE GAVE FRONT-PAGE ATTENTION TO THE AMBASSADOR'S REMARKS. A NUMBER OF ARTICLES ERRONEOUSLY REPORTED HIS COMMENTS. NOTING FOR EXAMPLE THAT HE HAD SAID RELATIONS BETWEEN THE TWO COUNTRIES WERE DETERIORATING, AND THAT A SUMMIT MEET-ING WAS CALLED FOR TO DEAL WITH THE PROBLEM, AND THAT HE EXPRESSED A FAVORABLE OPINION ON THE OUTCOME OF RECENT ELECTIONS IN BRITISH COLUMBIA AT WHICH THE SOCIALIST PROVINCIAL GOVERNMENT WAS DEFEATED. THESE ERRONEOUS REPORTS WERE GIVEN THE MOST PROMINENT PRESS PLAY. ON DECEMBER 15 EXTENSIVE DEBATE TOOK PLACE DURING THE QUES-TION PERIOD IN PARLIAMENT AT WHICH PRIME MINISTER TRUDEAU SAID HE WAS SURPRISED BY THE AMBASSADOR'S COMMENTS WHICH DID NOT REFLECT THE TENOR OF HIS RECENT MEETINGS WITH YOU AND PRESIDENT FORD AND THAT IF AMBASSADOR PORTER WERE QUOTED CORRECTLY, HE HAD GONE BEYOND "ACCEPTABLE BOUNDS".

THE AMBASSADOR'S COMMENTS HAVE BEEN CLARIFIED TO THE PRESS HERE AND IN OTTAWA AND CORRECT AND FAVORABLE COMMENT IS APPEARING IN THE CANADIAN PRESS. AMBASSADOR PORTER, WHO ARRIVED IN WASHINGTON DECEMBER 16 FOR CON-FIRMATION HEARINGS DECEMBER 18, SAID HE HAD ALSO CLARIFIED HIS REMARKS DIRECTLY TO OFFICIALS OF THE DEPARTMENT OF EXTERNAL AFFAIRS. THE AMBASSADOR IS ALSO CONSIDERING WHETHER TO SEND A LETTER OF CLARIFICATION TO PRIME MINISTER TRUDEAU. THE CANADIAN MINISTER CALLED THE ACTING SECRETARY ON DECEMBER 16 TO SAY THAT EARLIER REQUESTS BY AMBASSADOR PORTER TO SEE PRIME MINISTER TRUDEAU WERE "UNDER FAVORABLE CONSIDERATION" AND TO SUGGEST THAT WE COMBINE EFFORTS TO DAMPEN FURTHER PUBLIC REACTION TO THE REMARKS. A SUGGESTION TO WHICH THE ACTING SECRETARY READILY AGREED. CONFIDENTIAL.

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THE PURPOSE OF THE AMBASSADOR'S COMMENTS WAS TO POINT OUT THAT RECENT INSTANCES OF CANADIAN ECONOMIC NATIONALISM WERE HAVING AN EXTENSIVE ADVERSE IMPACT ON OPINION IN THE UNITED STATES WHICH COULD IN TURN AFFECT OUR VERY GOOD RELATIONSHIP. THERE IS GROWING RESENTMENT IN THE BUSINESS COMMUNITY REFLECTED IN CONGRESS AT ACTIONS LIKE THE CABLE DELETION PROBLEM WHICH HAVE BEEN CARRIED OUT WITH APPARENT

INDIFFERENCE TO THEIR IMPACT IN THE UNITED STATES.

CANADIANS DO NOT APPEAR TO APPRECIATE THE EXTENT OF THIS

GROWING REACTION AND ITS POTENTIAL IMPACT, FOR EXAMPLE AS

ISSUES OF INTEREST TO CANADA COME BEFORE THE CONGRESS.

THE AMBASSADOR DID NOT IMPLY IN ANY WAY THAT OUR RELATIONSHIP HAS DETERIORATED. IN FACT, THE ATMOSPHERE AND MECHANISMS FOR DOING BUSINESS, GOVERNMENT-TO-GOVERNMENT HAVE IMPROVED OVER THE PAST SEVERAL YEARS. NOTHING AMBASSADOR PORTER SAID SHOULD BE ALLOWED TO OBSCURE THE IMPROVEMENT IN GOVERNMENT-TO-GOVERNMENT RELATIONS OR TO UNDERMINE THE CONFIDENCE THAT WE HAVE THAT THE TWO GOVERNMENTS CAN DEAL WITH OUR BILATERAL PROBLEMS SUCCESSFULLY. BUT IN CLARIFYING THIS POINT WITH SECRETARY MACEACHEN AND OTHER CANADIAN OFFICIALS, WE BELIEVE IT IMPORTANT AS WELL NOT TO OVERLY DISCOUNT THE CHANGING PUBLIC MOOD THAT THE AMBASSADOR REFERRED TO.

## 3. TALKING POINTS.

- -- AMBASSADOR PORTER HAS ASSURED ME THAT IN HIS COMMENTS TO CANADIAN JOURNALISTS HE DID NOT SUGGEST IN ANY WAY THAT OUR CLOSE BILATERAL RELATIONS MAY BE DETERIORATING AS HAS ERRONEOUSLY BEEN REPORTED NOR DID HE MAKE ANY COMMENT ON THE RECENT ELECTIONS IN BRITISH COLUMBIA OR CONCERNING A POSSIBLE SUMMIT MEETING TO DEAL WITH PROBLEMS AS SOME REPORTS INDICATED.
- -- WE HAVE MADE THIS CLEAR TO THE PRESS IN WASHINGTON AND OTTAWA AND I UNDERSTAND AMBASSADOR PORTER ALSO CLARIFIED HIS REMARKS TO OFFICIALS OF YOUR MINISTRY AS HAS SECRETARY INGERSOLL TO YOUR AMBASSADOR IN WASHINGTON. OUR POSITION REMAINS THAT THE ATMOSPHERE AND MECHANISMS CONFIDENTIAL

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FOR DEALING WITH PROBLEMS BETWEEN OUR TWO GOVERNMENTS HAS IMPROVED IN THE LAST SEVERAL YEARS. WE FIND THE GENERAL STATE OF OUR RELATIONS EXCELLENT AND REMAIN CONFIDENT THAT THERE ARE NO PROBLEMS BETWEEN OUR TWO GOVERNMENTS THAT WE CANNOT SOLVE.

-- THE POINT THAT AMBASSADOR PORTER WAS MAKING IS A VALID ONE HOWEVER WHICH SHOULD BE OF CONCERN TO BOTH OUR GOVERNMENTS. RECENT ACTIONS IN CANADA AFFECTING ESTABLISHED ECONOMIC INTERESTS IN THE UNIT"D STATE, SOMETIMES WITH SEEMING INDIFFERENCE TO THEIR ADVERSE IMPACT, ARECREATING UNEASE IN BUSINESS CIRCLES, IN CONGRESS AND AMONG THE PRESS AND PUBLIC. WE ARE CONCERNED THAT THIS DARKENING CLIMATE COULD HAVE ADVERSE EFFECTS ON OUR RELATIONSHIP. WE WANT TO BE SURE THAT YOUR GOVERNMENT ADEQUATELY

APPRECIATES THE EXTENT OF THE PROBLEM, FOR IT IS A PROBLEM
WHICH BOTH GOVERNMENTS MAY HAVE TO DEAL WITH AS WE SEEK TO
FURTHER OUR RELATIONS. INGERSOLL

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## Message Attributes

Automatic Decaptioning: X Capture Date: 01 JAN 1994 Channel Indicators: n/a

**Current Classification: UNCLASSIFIED** 

Concepts: TOSEC, ECONOMIC CONDITIONS, DIPLOMATIC DISCUSSIONS, INTERGOVERNMENTAL COOPERATION

Control Number: n/a Copy: SINGLE Draft Date: 17 DEC 1975 Decaption Date: 01 JAN 1960 Decaption Note: Disposition Action: RELEASED

Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: SmithRJ
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE296829

Document Number: 1975STATE296829 Document Source: CORE Document Unique ID: 00 Drafter: JHROUSE, JR.: CLJ

Enclosure: n/a Executive Order: GS Errors: N/A Film Number: D750437-0781

From: STATE

Handling Restrictions: n/a Image Path:

Legacy Key: link1975/newtext/t19751235/aaaabejm.tel Line Count: 172 Locator: TEXT ON-LINE, ON MICROFILM

Office: ORIGIN EUR Original Classification: CONFIDENTIAL Original Handling Restrictions: n/a Original Previous Classification: n/a Original Previous Handling Restrictions: n/a

Page Count: 4

Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL Previous Handling Restrictions: n/a Reference: n/a

Review Action: RELEASED, APPROVED Review Authority: SmithRJ

Review Comment: n/a Review Content Flags: Review Date: 07 MAY 2003

**Review Event:** 

Review Exemptions: n/a
Review History: RELEASED <07 MAY 2003 by BoyleJA>; APPROVED <06 OCT 2003 by SmithRJ>

**Review Markings:** 

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JÚL 2006

**Review Media Identifier:** Review Referrals: n/a Review Release Date: n/a Review Release Event: n/a **Review Transfer Date:** Review Withdrawn Fields: n/a

Secure: OPEN

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TAGS: PFOR, ECON, US, CA, (KISSINGER, HENRY A), (MACEACHEN, ALLAN) To: SECRETARY

Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006